

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 IO-14 AID-05 CEA-01 CIAE-00 COME-00
EB-07 FRB-01 INR-07 NSAE-00 EPG-02 SP-02 STR-04
TRSE-00 LAB-04 SIL-01 OMB-01 OIC-02 L-03 AGRE-00
FEAE-00 OES-07 INT-05 /079 W
-----128243 291806Z /40

R 291620Z JUN 77
FM AMEMBASSY BRUSSELS
TO SECSTATE WASHDC 0584
INFO ALL EC CAPITALS

UNCLAS SECTION 01 OF 02 BRUSSELS 07074

USEEC

E.O. 11652: N/A
TAGS: EEC, ELAB
SUBJ: TRIPARTITE CONFERENCE, JUNE 27, 1977

REFS: (A) BRUSSELS 5902; (B) ECA-255

1. ABOUT 120 BUSINESS, LABOR, AND GOVERNMENT OFFICIALS OF THE EUROPEAN COMMUNITY MET IN LUXEMBOURG ALL DAY JUNE 27 TO EXCHANGE VIEWS ON "GROWTH, STABILITY, AND EMPLOYMENT--STOCKTAKING AND PROSPECTS." AN EC COMMISSION PAPER ON THAT THEME (SEE REFS A AND B) WAS THE TAKE-OFF POINT FOR THE SPEECHES.

2. IN CONTRAST TO A SIMILAR TRIPARTITE CONFERENCE HELD A YEAR AGO, THIS MEETING WAS NOT DESIGNED TO PASS RESOLUTIONS OR TO TAKE ANY FORMAL DECISIONS, BUT RATHER TO FURTHERING THE DIALOGUE AMONG ECONOMIC DECISION-MAKERS AND BUILDING A CONSENSUS AMONG THEM. IN THIS LIMITED FRAMEWORK, THE CONFERENCE WAS A SUCCESS, ACCORDING TO ITS CHAIRMAN, UK CHANCELLOR OF THE EXCHEQUER DENIS HEALEY. "WE HAD A WIDER RANGE OF AGREEMENT THAN
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EXPECTED," HE STATED AT A PRESS CONFERENCE AFTER THE MEETING.

3. ALL CONFERENCE PARTICIPANTS, SAID HEALEY, SHARED DISAPPOINTMENT IN THE PROGRESS TOWARD GOALS ADOPTED AT THE 1976 CONFERENCE, WHICH INCLUDED A TARGET OF FIVE PER CENT AVERAGE REAL GROWTH PER YEAR OVER THE 1976-1980

PERIOD. MOREOVER, SAID HEALEY, IT WAS GENERALLY AGREED NEXT YEAR'S GROWTH, TOO, WOULD BE INADEQUATE "UNLESS THERE IS SUBSTANTIAL FURTHER EFFORT AND FURTHER ACTION BOTH AT THE INTERNATIONAL LEVEL, AT THE COMMUNITY LEVEL, AND AT THE NATIONAL LEVEL."

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4. HEALEY SAID THAT AMONG THE CONFERENCE PARTICIPANTS "THERE WAS ALMOST AS MUCH UNANIMITY TODAY AGAINST PROTECTIONISM AS THERE IS AGAINST SIN, BUT I FEAR WITH MUCH THE SAME SORT OF RESERVATIONS....MANY SPEAKERS FROM BOTH SIDES OF INDUSTRY AND FROM GOVERNMENT RESERVED THE RIGHT TO ACT AGAINST DISRUPTIVE IMPORTS IF SUCH ACTION WAS REQUIRED TO PROTECT INDUSTRIES WHICH WERE SUFFERING FROM PURELY TRANSITIONAL PROBLEMS."

5. TWICE IN HIS STATEMENT HEALEY REFERRED TO THE CONTRIBUTION THAT "STRONGER ECONOMIES" OUGHT TO MAKE TO WORLD-WIDE ECONOMIC GROWTH, BUT HE ADDED: "SOME OF US BELIEVE THAT THE RECOGNITION OF THE NEED FOR THE STRONGER ECONOMIES TO TAKE MORE RISKS WITH EXPANSION IS NOT AS FIRMLY DEVELOPED IN SOME OF THOSE ECONOMIES AS SOME WOULD WISH."

6. IN SUMMARIZING "AREAS WHERE THE CONTROVERSY WAS A
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LITTLE FIERCER," HEALEY DID HIS BEST TO SMOOTH OVER DIFFERENCES. HE SAID THAT WHILE THERE WAS GENERAL RECOGNITION THAT A REDUCTION IN UNEMPLOYMENT REQUIRED AN INCREASE IN CONSUMER DEMAND, OPINION WAS DIVIDED ON HOW TO INCREASE DEMAND: THROUGH HIGHER WAGES, THROUGH REDUCED TAXATION, THROUGH MORE PRIVATE INVESTMENT, OR THROUGH MORE PUBLIC SPENDING. "THE PROBLEM," HE SAID, "WAS TO AGREE ON THE RIGHT COMBINATION OF THESE FOUR ALTERNATIVE WAYS OF DEALING WITH THE PROBLEM, RATHER THAN TO CHOOSE ONE AT THE EXPENSE OF THE OTHER THREE."

7. SOME DIFFERENCES EXPRESSED AT THE MEETING, HEALEY POINTED OUT, REFLECT DIFFERENCES OF INTEREST AND MAY HAVE TO BE "SETTLED IN THE MARKET PLACE--NOT IN THE ECONOMIC MARKET PLACE, BUT IN THE INDUSTRIAL OR POLITICAL MARKET PLACE WHERE VOTES AND POWER ARE THE MEDIUM OF EXCHANGE RATHER THAN MONEY." BUT TO SOME EXTENT THE DISAGREEMENTS ARE MATTERS OF FACT AND JUDGEMENT, AND "HERE I THINK DIFFERENCE CAN BE REDUCED BY FURTHER STUDY AND MORE SYSTEMATIC INFORMATION."

8. TOWARD THAT END HEALEY ENDORSED AN ACCELERATED EC

COMMISSION "WORK PROGRAM" PROPOSED BY EC VICE PRESIDENT
VREDELING. THAT PROGRAM WILL INCLUDE A SERIES OF STUDIES
IN THE EMPLOYMENT AREA, ADDRESSING QUESTIONS LIKE "WHAT
ARE THE COST EFFECTIVENESS AND IMPLICATIONS FOR INDUSTRIAL
PERFORMANCE OF DIFFERENT MEANS OF WORK SHARING?" AND
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"WHAT CAN BE DONE TO PROMOTE INVESTMENT, PUBLIC OR PRIVATE,
AND BY WHAT MEANS, DIRECT OR OTHERWISE, MIGHT WE ENSURE
THAT THIS INVESTMENT WILL ON BALANCE CREATE JOBS RATHER
THAN DESTROY THEM?"

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ACTION EUR-12

INFO OCT-01 ISO-00 IO-14 AID-05 CEA-01 CIAE-00 COME-00
EB-07 FRB-01 INR-07 NSAE-00 EPG-02 SP-02 STR-04
TRSE-00 LAB-04 SIL-01 OMB-01 OIC-02 L-03 AGRE-00
FEAE-00 OES-07 INT-05 /079 W
-----128291 291806Z /42

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9. THESE STUDIES ARE TO BE CARRIED OUT UNDER THE GUIDANCE
OF THE EC COUNCIL'S TRIPARTITE STANDING COMMITTEE ON
EMPLOYMENT AND ITS ECONOMIC POLICY COMMITTEE (RATHER THAN
UNDER A SPECIAL TASK FORCE AS SOME AT THE CONFERENCE
SUGGESTED).

10. THE EC COUNCIL WILL DETERMINE THE OPPORTUNE MOMENT
FOR A FOLLOW-UP TRIPARTITE CONFERENCE, "NO DOUBT WITHIN THE
NEXT YEAR," HEALEY SAID, THEREBY THROWING WATER ON A
PROPOSAL TO HOLD ANOTHER CONFERENCE IN THE FALL.MORRIS

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC GROWTH, ECONOMIC DEVELOPMENT, ECONOMIC TRENDS, MEETINGS, REGIONAL ORGANIZATIONS
Control Number: n/a
Copy: SINGLE
Sent Date: 29-Jun-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977BRUSSE07074
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770232-0628
Format: TEL
From: BRUSSELS USEEC
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t1977069/aaaaahdm.tel
Line Count: 163
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 789ab784-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 77 BRUSSELS 5902
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 18-Oct-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2272622
Secure: OPEN
Status: NATIVE
Subject: TRIPARTITE CONFERENCE, JUNE 27, 1977
TAGS: ELAB, EEC
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/789ab784-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009